



**MOUNTAINS RECREATION & CONSERVATION AUTHORITY**

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**MEMORANDUM**

**TO:** The Governing Board

**FROM:**  Joseph T. Edmiston, FAICP, Executive Officer

**DATE:** October 5, 2005

**SUBJECT:** **Agenda Item VII: Consideration of a resolution adopting an appraisal policy for Santa Monica Mountains Open Space Preservation Assessment Districts No. 1 and No. 2 acquisitions by sale or donation.**

Staff Recommendation: That the Governing Board adopt the attached resolution adopting the Appraisal Policy appended as Exhibit A to this staff report.

Legislative Authority: Government Code Section 6500 *et seq.*

Background: The Engineer's Reports for Santa Monica Mountains Open Space Assessment Districts No. 1 and No. 2 (Benefit Assessment Districts) provide:

"An appraisal of fair market value will be prepared by at least one independent appraiser prior to the acquisition of Open Space Properties by the Authority. No property shall be acquired at a price in excess of an independent appraisal of fair market value."

It has been the policy of the MRCA to commission Summary Appraisals for acquisitions by sale. In some cases when a donation is made a summary appraisal is also commissioned. Many of the recent, pending and planned acquisitions in the Benefit Assessment District areas are small single family residential lots, including tax defaulted properties and surplus government parcels, that are valued at less than \$250,000. In addition, the MRCA has accepted donations of small lots that are applied to the general benefit and these donations need to be appraised.

Staff recommends that Restricted Use Appraisals be commissioned for those properties that have an estimated or listed price or value or a bid price equal to or less than \$250,000. The rationale for adopting this policy is that the valuation of single family residential lots in most cases do not need the in depth analysis required for larger or more unique properties. In addition, many of the bid amounts for tax defaulted parcels are nominal and do not justify the expense of

a Summary Appraisal.

Adopting this policy will save the not-insignificant costs of the appraisals and shorten the completion time for the appraisals. A Restricted Use Appraisal is in conformance with the Uniform Standards of Professional Appraisal Practice.

It is the policy of the MRCA to have all appraisals reviewed by either an independent appraiser or the Department of General Services. The Engineer's Reports for the Benefit Assessment Districts do not require a review of the appraisal. It is staff's recommendation that because of the relative simplicity of appraising properties that are of lower value and not unique, Restricted Use Appraisals do not warrant an independent or DGS review.